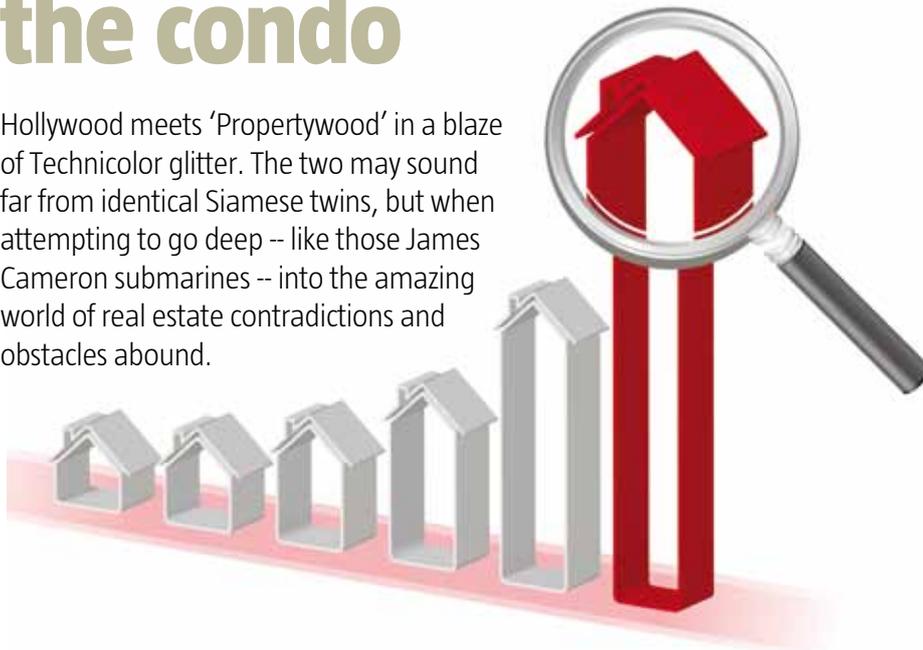


# Honey, I shrunk the condo

Hollywood meets 'Propertywood' in a blaze of Technicolor glitter. The two may sound far from identical Siamese twins, but when attempting to go deep -- like those James Cameron submarines -- into the amazing world of real estate contradictions and obstacles abound.



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Down, down into the abyss we go... peering out of round portholes, looking for clues. On the lovely island of Phuket we find a Thai listed developer selling 556 units off plan in the dCondo in less than half a day. Doing the math, I make that four hours. I can barely make a dent in my email by that time. Or 240 minutes, which is the approximate same timeframe it takes to clear immigration at the overcrowded lines of the airport during high season. Probing into details about the seemingly 'too good to be true' news, you realise these are condo units starting at 28 sqm with initial pricing just below the magic one million baht marker. I take out the nearest calculator and add up my annual sins -- wine, coffee, too many restaurant lunches and a few other things that I hesitate to talk about in a professional forum such as Property Report South East Asia. My yearly spend is more than the price of a condo! There's an elephant in my room.

As we know, Mickey Mouse flats (clearly a conspiracy but those seemingly harmless brandologists at Disney do get inside our heads) are nothing new in Asia. The Small World has increasingly been on the cutting edge of condominium development for the past 3-4 years. Hong Kong's cramped living spaces are legendary and if you track the BTS lines or outlying areas of Bangkok, entry priced residential units ranging from 20-30 quarter metres are spreading

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like wildfire. According to leading industry experts Nexus, Bangkok saw 39 condominium projects launched in the first half of the year with 18,500 units sold. The average selling price was THB87,400 per sqm (US\$2,836) What is spurring the broader trend, however, are non-CBD units under THB70,000 (US\$2,271) per sqm with monthly absorption rates of approximately 10 units per month, per project.

While CBD areas certainly are the prime examples of market speculation, the smaller size fits all argument for end users looks to be a key driver in secondary locations. In Bali, condotels are squeezing into the prime beach locations and even sparkling Singapore does a fine trade in shoebox units, with the government loathing to impose a minimum size. Massive volumes of towering market infernos have created wave after wave of new launches across the region. It seems size does matter, and

one thing is for sure -- things are getting smaller, which brings us back to one of those Kumbaya moments around the collective campfire to the question that burns deep into my mind: "Who can live in one of these overgrown concrete boxes?"

Lost in the heart of darkness I try to trace out a space equal to one of these junior condos. Though let's take timeout for a moment and look at names. Is entry level too polite a description? Junior, low cost, domestic, bargain? Cut to the chase. They are small and cheap. So cheap in fact, you don't even need to discount because if it were any cheaper the developers would be paying you to take them off their hands. My thoughts range to the furor over the Randy Newman song epic 'Short People', while I wanted to vent into the possible synergies (so very Wall Streetish) about niche markets to the horizontally challenged and economies of scale into this market for small flats, I won't. Being dogged by controversy is simply too much a drain these days.

Instead, let's crystallize the logic behind these small condos. Gambling as we know is not technically allowed in Thailand. Border runs to Myanmar, Cambodia and Laos excluded. But next time you are in Macau or Singapore's Marina Bay Sands, just shout out Khun Noi and wait for a stampede. The point being that trading of property is the next best thing to a casino. Make a small downpayment on a unit, or a dozen, wait until they are near completion and then flip the units and enjoy high levels of capital appreciation. It's the true promise of capitalism, property transactions that come with the slight buzz from a legal narcotic.

Naturally, every boom busts when nasty little glitches like sub prime creep in. Yet during the upcoming intermission, expect more and more of the Mickey Mouse condo projects to come, sell and create even more momentum. As for the longer term future of such cramped living? Well at least there won't be any elephants knocking at the door.



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